

IA Clarington Canadian Small Cap Class

Series A and F Shares

Interim Management Report of Fund Performance

June 30, 2011

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the Fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-888-860-9888, by writing to us at 522 University Avenue, Suite 700, Toronto, ON M5G 1Y7, or by visiting our website at www.iaclarington.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

The management discussion of fund performance for IA Clarington Canadian Small Cap Class (the "Fund") represents management's view of the significant factors and developments affecting the Fund's performance and outlook. IA Clarington Investments Inc. is the manager (the "Manager") of the Fund.

In this report, "Net Assets" or "Net Assets per Share" are references to net assets as determined in accordance with Canadian generally accepted accounting principles ("GAAP") as presented in the Fund's financial statements. All references to "Net Asset Value", "Net Asset Value per Share" or "NAV" are referenced to the net asset value as determined in accordance with National Instrument 81-106 – Investment Fund Continuous Disclosure, which is used for transactional purposes, including fund purchases and fund redemptions.

The Fund's portfolio advisor is Industrial Alliance Investment Management Inc. ("IAIM") and QV Investors Inc. ("QV") is the sub-advisor (the "Portfolio Sub-Advisor").

The Portfolio Advisor seeks to invest substantially all of the Fund's assets in units of IA Clarington Canadian Small Cap Fund (the "Underlying Fund").

Since the Fund directly invests into an Underlying Fund, the following highlights in the "Results of Operations" and "Recent Developments" will be discussed from the point of view of the Underlying Fund's direct holdings.

Results of Operations

The Fund's Net Assets increased by 23.0% or \$2.3 million during the period, from \$10.0 million on December 31, 2010 to \$12.3 million on June 30, 2011. This change in Net Assets resulted from an increase of \$2.1 million due to net sales and an increase of \$0.2 million due to investment operations, including market volatility, income and expense.

The average Net Assets of the Fund increased by 77.3% or \$5.1 million in comparison to the prior year, from \$6.6 million to \$11.7 million. Average Net Assets influence revenue earned and expenses incurred by the Fund during the period.

The Series A shares of the Fund returned 2.1% for the six-month period ending June 30, 2011. The performance of the other series of the Fund is substantially similar, save for differences in expense structure. Refer to the "Past Performance" section for performance information of each series.

The Fund's broad-based benchmark, the S&P/TSX Composite Index, returned 0.2% over the same period. The comparison to this broad-based index has been provided to help you understand the Fund's performance relative to the general performance of the market. The Fund's benchmark, the BMO Nesbitt Burns Small Cap Index, returned -4.2% over the same six-month period. This comparison to Fund performance is more useful since this index covers smaller market capitalization securities and more closely reflects the types of companies in which the Fund invests. The Fund's return calculation for all series includes fees and expenses which are not applicable in generating a return for the benchmark.

Over the past six-months the rising risk of European sovereign credit defaults, softer global economic data and the anticipated roll-off of Quantitative Easing in the U.S. diminished equity investor enthusiasm. The bond market, which is typically considered a safer asset class, benefitted from increased investor anxiety. As a result, bonds outperformed stocks and large-cap stocks have outperformed small cap stocks. Large-cap equities often outperform small-cap equities during periods of elevated angst and uncertainty due to their higher liquidity and lower perceived risk.

The largest positive sector contributors to Fund performance during the reporting period came from the Energy, Consumer Staples and Materials sectors. The Consumer Discretionary, Industrials and Financials sectors detracted from performance. On a relative basis, the significant majority of Fund outperformance during the past six-months came from defensive positioning in the Materials and Energy sectors. The benchmark is concentrated in the Resource sectors, with Materials and Energy making up in excess of 50% of the benchmark index. Weakness in the benchmark over the past six-months has been dominated by the weakness in many resource related equities, an area the Fund has largely avoided.

The largest individual contributors to performance during the past six months were AltaGas Ltd, Ensign Energy Services Inc. and Constellation Software Inc. As a high dividend yielding stock, AltaGas Ltd. benefitted from an increased appetite for yield, while executing on its growth strategy. In the first half of 2011, AltaGas Ltd. announced an expansion project at their Younger extraction facility, a processing agreement for their Harmattan Co-stream project and regulatory approval to commence construction on a natural gas processing facility in the highly prospective Montney resource area. The Portfolio Sub-Advisor believes that these projects will add growth and diversity to AltaGas Ltd.'s infrastructure asset base. Ensign Energy Services Inc. has benefitted from increased demand for oilfield services in North America. In the first quarter of 2011, the company reported 42% revenue growth and a doubling of profit. Despite improved end markets, Ensign Energy Services Inc. recognizes that oil and gas services are cyclical and is maintaining a strong balance sheet and a disciplined approach to its capital expenditures. Constellation Software Inc. benefitted from solid operating results and the announcement that it was undertaking a review of the strategic alternatives, with the objective of enhancing shareholder value.

The largest negative contributors to performance over the past six-months were Astral Media Inc., E-L Financial Corp. Ltd. and Leon's Furniture Ltd. Investors have grown concerned that increased competition from internet movie service providers, such as Netflix, will deteriorate the economics of Astral Media Inc.'s specialty television operations. Investor concerns may be warranted, but much of this appears priced into the stock. Astral Media Inc. operates a diverse media business, which is stewarded by management that has experience in navigating through technological change. E-L Financial Corp. Ltd. shares seemed to underperform during the reporting period simply due to a lack of investor interest. The stock is illiquid and not very well known. From an operations perspective, the business continued to move in a positive direction, with the company's book value per share reaching a record level in the first half of the year. The Portfolio Sub-Advisor believes Leon's Furniture Ltd.'s shares were out of favour during the quarter due to the macro headwinds of higher gasoline prices, and reduced housing related demand. Despite more challenging end markets, Leon's Furniture Ltd.'s has continued to generate a reasonable level of profitability. Like E-L Financial Corp. Ltd., Leon's Furniture Ltd.'s book value per share also reached a record level in the first half of 2011.

Additions to the Fund over the past six-months include: MacDonald, Dettwiler and Associates Ltd. and The Jean Coutu Group (PJC) Inc. The Portfolio Sub-Advisor believes these companies have sustainable business models that generate attractive levels of cash flow, while offering valuation metrics that enhance the Fund. During the past six-months, the Fund eliminated positions in Savanna Energy Services Corp. and Vermilion Energy Inc.

Recent Developments

The Portfolio Sub-Advisor continues to position the Fund in companies that have strong balance sheets and a proven ability to build shareholder value in both robust and difficult periods. The valuation, growth, and balance sheet quality of the Fund all remain very strong relative to the small-cap benchmark and the overall marketplace. Approximately one third of the holdings have zero debt and over 80% of Fund holdings pay a dividend. The extreme undervaluation of many businesses has disappeared since the March 2009 stock market lows. Stock selection will be increasingly critical to preserving and growing capital in the years ahead. The investment strategy will continue to focus on businesses with franchises that are not dependant on resurgence in global economic growth to prosper. The Portfolio Sub-Advisor is trying to manage upside return with the risk that the current economic rebound is not as sustainable as the market suggests.

International Financial Reporting Standards (IFRS)

The Accounting Standards Board of the Canadian Institute of Chartered Accountants has announced in January 2011 that it has decided to defer the mandatory adoption of IFRS for investment funds that apply the Accounting Guideline on Investment Companies ("AcG-18") to January 1, 2013 instead of January 1, 2012, as it had been previously decided. The Fund, therefore, will adopt IFRS in the financial year beginning on January 1, 2013, and will produce its first financial statements in accordance with IAS 34, Interim Financial Reporting, for the semi-annual period ending on June 30, 2013.

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In order to be ready for the changeover to IFRS, the Fund, by way of the Manager, has developed a transition plan containing three phases: 1) identification of the risks; 2) implementation of the new standards; and 3) conversion. During the next two years, the Fund will evaluate the financial consequences and impacts of the conversion to IFRS and complete the design of financial statements and the notes to the financial statements according to IFRS requirements. The Fund will also evaluate the impact of the new accounting standards on disclosure controls and procedures and internal control over financial reporting and make the necessary changes. The Manager anticipates there will be changes to the financial statements but the impact, if any, cannot be reasonably estimated at this time. Training and communication plans will continue throughout the year to prepare and assess the required information.

Given the evolution of accounting standards, the overall impact of adopting IFRS on the Fund's financial situation and future results cannot be reasonably established until the process is completed.

Related Party Transactions

The Fund paid the Manager management fees that are calculated daily on the Net Asset Value attributable to each series. The management fees paid are disclosed in the financial statements.

Industrial Alliance Insurance and Financial Services Inc. ("Industrial Alliance") is the sole parent of the Manager. During the period, the Fund paid fund accounting fees to Industrial Alliance. The amounts paid are disclosed in the financial statements.

The Fund is responsible for payment of all expenses relating to the operation of the Fund and the carrying on of its business. This includes, but is not limited to legal, audit and custodial fees, taxes, brokerage fees, interest, operating and administrative fees, costs and expenses. In addition, the Fund is also responsible for the fees, costs and expenses of financial and other reports and prospectuses required to comply with all regulatory requirements in connection with the distribution of securities of the Fund. A certain portion of these fees (including fund accounting fees) and expenses are initially paid for by the Manager, and then recovered from the Fund.

At its sole discretion, the Manager waived management fees or absorbed expenses of the Fund. The management expense ratios of each of the series of shares of the Fund with and without the waivers and absorptions are reported in the following Ratios and Supplemental Data table.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated.

The Fund's Net Assets per Share (\$)¹						
Series A	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Net Assets, beginning of period	11.24	9.92	7.72	10.00	-	-
Increase (decrease) from operations:						
Total revenue	-	-	0.20	0.79	-	-
Total expenses	(0.17)	(0.30)	(0.24)	(0.11)	-	-
Realized gains (losses) for the period	0.04	0.18	0.03	(0.55)	-	-
Unrealized gains (losses) for the period	0.31	1.55	2.37	0.51	-	-
Transaction costs	-	-	-	-	-	-
Total increase (decrease) from operations²	0.18	1.43	2.36	0.64	-	-
Dividends:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends⁴	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total dividends³	-	-	-	-	-	-
Net Assets, end of period	11.48	11.24	9.92	7.72	-	-

The Fund's Net Assets per Share (\$)¹						
Series F	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Net Assets, beginning of period	11.65	10.13	7.77	10.00	-	-
Increase (decrease) from operations:						
Total revenue	-	-	0.18	0.72	-	-
Total expenses	(0.09)	(0.15)	(0.11)	(0.06)	-	-
Realized gains (losses) for the period	0.04	0.19	0.02	(0.39)	-	-
Unrealized gains (losses) for the period	0.35	1.53	2.53	(0.81)	-	-
Transaction costs	-	-	-	-	-	-
Total increase (decrease) from operations²	0.30	1.57	2.62	(0.54)	-	-
Dividends:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends⁴	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total dividends³	-	-	-	-	-	-
Net Assets, end of period	11.99	11.65	10.13	7.77	-	-

1 The per share data is derived from the Fund's audited annual financial statements for prior periods and from the interim unaudited financial statements, for the current period ended June 30, 2011.

The Net Assets per Share presented in the financial statements can differ from the Net Asset Value per Share calculated for fund pricing purposes. An explanation of these differences can be found in the Notes to the Financial Statements. It is not intended that the Fund's Net Assets per Share table act as a continuity of opening and closing Net Assets per Share.

2 Net Assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

3 Dividends were paid in cash or reinvested in additional shares of the Fund, or both.

4 Dividends qualified for Canadian dividend tax credit.

Ratios and Supplemental Data						
Series A	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Total NAV (\$) (000's)¹	10,435	8,342	4,346	2,122	-	-
Number of shares outstanding (000's)¹	909	742	438	275	-	-
Management expense ratio (%)²,³	2.91	2.87	2.80	3.03	-	-
Management expense ratio before waivers or absorptions (%)²,³,⁴	3.56	4.36	6.18	16.08	-	-
Trading expense ratio (%)⁵	n/a	n/a	n/a	n/a	-	-
Portfolio turnover rate (%)⁵	1.53	10.37	8.44	18.38	-	-
NAV per share (\$)	11.48	11.24	9.92	7.72	-	-

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Financial Highlights (continued)

Ratios and Supplemental Data						
Series F	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Total NAV (\$) (000's) ¹	1,914	1,667	1,081	527	-	-
Number of shares outstanding (000's) ¹	160	143	107	68	-	-
Management expense ratio (%) ^{2,3}	1.42	1.38	1.34	1.48	-	-
Management expense ratio before waivers or absorptions (%) ^{2,3,4}	1.54	1.73	3.15	3.04	-	-
Trading expense ratio (%) ⁵	n/a	n/a	n/a	n/a	-	-
Portfolio turnover rate (%) ⁶	1.53	10.37	8.44	18.38	-	-
NAV per share (\$)	11.99	11.65	10.13	7.77	-	-

1 This information is provided as at each period shown.

2 Management expense ratios are based on total expenses (excluding commissions and other portfolio transaction costs) of each series for the stated period and are expressed as an annualized percentage of each series' daily average NAV during the period.

3 The annual management fee of the Fund is 2.50% for Series A shares and 1.20% for Series F shares, before the application of taxes.

4 At its sole discretion, the Manager waived management fees or absorbed expenses of the Fund. Such waivers and absorptions can be terminated at any time, but can be expected to continue for the Fund until such time as the Fund is of sufficient size to reasonably absorb all management fees and expenses incurred in its operation, although the amount of any such waiver or absorption may change from time to time.

5 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund's daily average NAV during the period.

6 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship or correlation between a high turnover rate and the performance of a Fund.

Management Fees

Management fees paid by the Fund per series are based on applying the annual management fee rate per series to the daily average NAV of each series and are recorded on an accrual basis.

Breakdown of major services received by the Fund in consideration of the management fees for the period, as a percentage of the management fee:

Management Fees (%)		
Series	Trailer commissions	Other
Series A		
FE	40	60
LL First 3 years	20	80
LL After 3 years	40	60
DSC First 7 years	20	80
DSC After 7 years	40	60
Series F	-	100

FE – front end; LL – low load; DSC – deferred sales charge

Other – includes general administration, investment advice and profit.

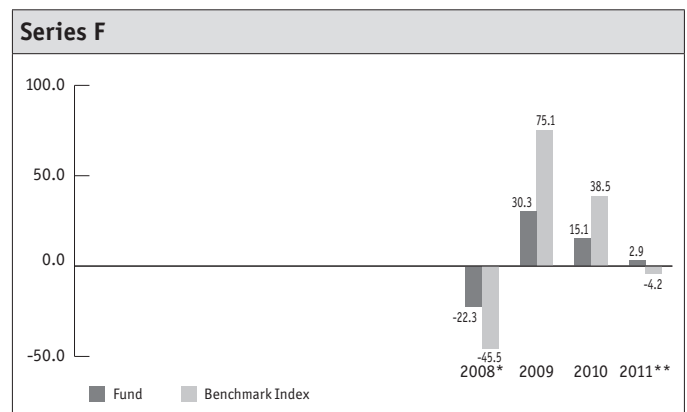
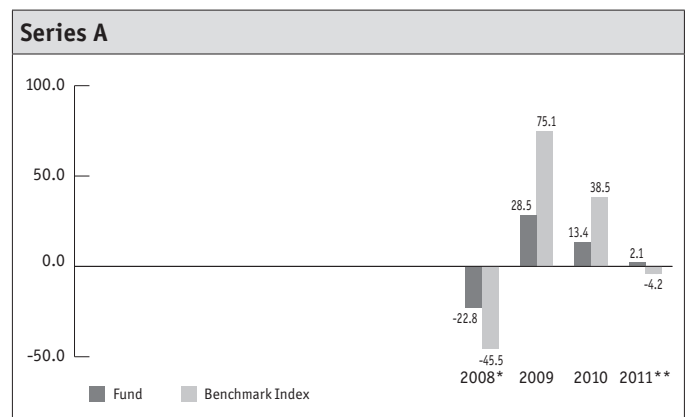
Past Performance

The performance information shown (based on NAV) assumes that all dividends made by the Fund in the periods shown were reinvested in additional shares of the Fund. The performance information does not take into account sales, redemptions, dividends or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar charts show the Fund's and the benchmark index's performance for the six-month period ended June 30, 2011, and for each of the previous 12-month periods ended December 31. The charts show in percentage terms how an investment made on January 1 would have increased or decreased by the end of the period.

The benchmark index (the "Benchmark Index") consists of the BMO Nesbitt Burns Small Cap Index.



* Return shown is for the partial period ending December 31.

** Return shown is for the six-month period ended June 30, 2011.

The BMO Nesbitt Burns Small Cap Index includes common shares of all Canadian companies trading on the Toronto and Montreal Stock Exchanges with a total capitalization at the beginning of each month which does not exceed 0.1% of the total capitalization of the S&P/TSX Index.

A discussion of the performance of the Fund as compared to the Benchmark Index is found in the "Results of Operations" section of this report.

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Summary of Investment Portfolio

As at June 30, 2011

The summary of investment portfolio shown, as a percentage of total NAV, may change due to ongoing portfolio transactions of the Fund and a quarterly update is available on the Manager's website.

Sector Allocation	%
Financials	16.39
Industrials	14.72
Consumer Staples	13.99
Energy	13.49
Materials	12.76
Consumer Discretionary	11.09
Information Technology	7.56
Cash and Cash Equivalents	3.84
Telecommunication Services	3.21
Health Care	2.83
Other Assets less Liabilities	0.12
Total	100.00

The top positions held by the Fund (up to 25) are shown as a percentage of the total NAV:

Top Holdings	%
CCL Industries Inc., Class B, NV	4.65
E-L Financial Corp. Ltd.	4.10
Transcontinental Inc., Class A, SV	4.09
AltaGas Ltd.	4.03
Empire Co. Ltd., Class A, NV	4.01
Pason Systems Inc.	3.97
Astral Media Inc., Class A, NV	3.84
Cash and Cash Equivalents	3.84
Laurentian Bank of Canada	3.78
Winpak Ltd.	3.68
Crombie Real Estate Investment Trust	3.63
Leon's Furniture Ltd.	3.53
Richelieu Hardware Ltd.	3.24
Paladin Labs Inc.	2.83
Manitoba Telecom Services Inc.	2.82
The Jean Coutu Group (PJC) Inc., Class A, SV	2.81
Ensign Energy Services Inc.	2.80
Gennum Corp.	2.76
Mullen Group	2.69
Canadian Western Bank	2.61
Maple Leaf Foods Inc.	2.60
Uni-Select Inc.	2.42
Corby Distilleries Ltd., Class A	2.41
ATS Automation Tooling Systems Inc.	2.28
GMP Capital Inc.	2.28

Forward-Looking Statements

This management report of fund performance may contain forward-looking statements which reflect the current expectations of the Manager (or, where indicated, the Portfolio Advisor or Portfolio Sub-Advisor) regarding the Fund's future growth, results of operations, performance and business prospects and opportunities. These statements reflect the current beliefs of the person to which the statements are attributed with respect to future events and are based on information currently available to that person. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the Fund's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors could include, among other things, general economic, political and market factors, including interest and foreign exchange rates, business competition, changes in government regulations or in tax laws. Although the forward-looking statements contained in this report are based upon what management currently believes to be reasonable assumptions, the Manager cannot assure current or prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements.

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